

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 877 – SB 1349

March 20, 2013

SUMMARY OF ORIGINAL BILL: Requires that a minimum of \$1.00 of each tire pre-disposal fee be returned to the county where the fee was collected to be used for waste tire disposal.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – \$224,600/FY12-13/Waste Management Fund
\$1,347,600/FY13-14 and Subsequent Years/
Waste Management Fund

Increase Local Revenue – \$224,600/FY12-13
\$1,347,600/FY13-14 and Subsequent Years

SUMMARY OF AMENDMENT (005117): Deletes all language after the enacting clause. Requires tire pre-disposal fees returned to counties to be used for beneficial end use of waste tires in accordance with the program developed by the Department of Environment and Conservation (TDEC) under Tenn. Code Ann. § 68-211-867, and not for any other purpose. Requires each county to include in its annual progress report to TDEC, pursuant to Tenn. Code Ann. § 68-211-814(a), data on how many waste tires it manages and what is done with them. Changes the effective date from upon becoming law to July 1, 2014.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenue – \$1,347,600/FY14-15 and Subsequent Years/
Waste Management Fund

Increase Local Revenue – \$1,347,600/FY14-15 and Subsequent Years

HB 877 – SB 1349

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 67-4-1603(a), a fee of \$1.35 is imposed on each new tire sold in Tennessee. Pursuant to Tenn. Code Ann. § 67-4-1610, each dealer is authorized to deduct \$0.10 of the fee per tire reported on timely filed returns and payments. It is assumed that all returns are timely filed and each dealer receives the authorized deduction.
- According to the Department of Revenue, fee revenue to the state for tire disposal was \$5,901,222 in FY11-12. This number is assumed to remain constant into perpetuity.
- The state fee is assessed upon approximately 4,720,978 tires [$\$5,901,222 / (\$1.35 - \$0.10)$]. This number is assumed to remain constant into perpetuity.
- The total recurring amount that will be required to be returned to the county where the fee was collected is estimated to be \$4,720,978 ($4,720,978 \times \1.00).
- According to TDEC, \$4,382,079 was awarded to counties in grants in FY11-12, of which \$3,373,428 was claimed. These numbers are assumed to remain constant into perpetuity.
- Assuming that 100 percent of the required amount shall be rewarded and claimed by the counties, the recurring increase in local revenue as a result of this bill is estimated to be \$1,347,550 ($\$4,720,978$ required to be returned - $\$3,373,428$ currently returned).
- The recurring decrease in state revenue to the Waste Management Fund is estimated to be \$1,347,550. The first year impact of this bill will be FY14-15.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/bos